

I. Introduction

The Director of Central Intelligence in his August 1974 financial guidance memorandum tasked the Deputy Director for Administration with instituting a multi-faceted program to help fight inflation and reduce daily operating costs within the Directorate for Administration and also on an Agency-wide basis.

During the past year Directorate of Administration offices have vigorously pursued programs designed to reduce operating costs while at the same time continuing to provide expected and acceptable levels of support ^{SUPPORTING} operations^A for all Agency components. This has not always been an easy task. Several Directorate offices have undergone severe and drastic cuts in personnel in recent years, either as a direct or indirect result of inflation; other offices have had operating programs ^{DEFERRED} curtailed, reduced, or eliminated. These events have become alarming to numerous managers ~~within this Directorate~~ as they see the rapid erosion of their buying power, with its deleterious effects on plans and programs.

The Deputy Director for Administration, recognizing the problems our era of double-digit inflation ^{HAS} placed on the Directorate, directed his Assistant for Resources to establish an Inflation Study Group to examine the impact of

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inflation within the various offices of the Directorate.

In response, a Study Group was convened in February 1975. The resulting study presented at this time covers the period from Fiscal Year 1967 through the current budgeting cycle. It vividly illustrates what has happened to the purchasing power of our ever-shrinking dollar and considers the questions: What lies ahead? What have we learned from the past to profit in the future? What changes are necessary? This study discusses for management action some alternatives and solutions to these questions.

In the preparation of this study, major contributions and assistance were provided by a large number of officers from this Directorate. Their fine efforts are deeply appreciated. The following officers were given the responsibility for compiling and analyzing the vast array of data relating to the inflation problem and presenting the results in this study:

	Chairman DDA, Coordinator
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As managers and readers reflect on the subjects covered by this study, the following position taken by the Director of Central Intelligence in November 1974 should be considered:

"Inflation is an all pervasive item which cannot be fought on only one front now can it involve the efforts of only one directorate.

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What is needed now is a re-examination of our management practices to encourage, by direction and example, changes in day-to-day activities which will lead to operating savings."